



U.S. Department of Homeland Security
3003 Chamblee-Tucker Road
Atlanta, Georgia 30341



Homeland
Security

February 1, 2005

MEMORANDUM FOR: Kenneth L. Horak
Acting Regional Director, FEMA Region I

FROM:  Gary J. Barard 
Field Office Director

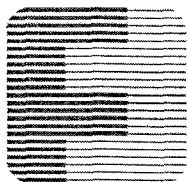
SUBJECT: *Audit of the State of Rhode Island
Administration of Disaster Assistance Funds
Audit Report No. DA-10-05*

Attached for your review and follow-up are five copies of the subject audit report that was prepared by an independent accounting firm, Foxx & Company under contract with the Office of Inspector General. In summary, Foxx & Company determined that the Rhode Island Emergency Management Agency should improve certain financial and program management procedures associated with the administration of disaster assistance funds.

On December 20, 2004 your office responded to the draft report. Based upon your response, Finding A.1 is closed and requires no additional action. Finding B.1 is resolved, but requires an additional response describing actions taken to implement the recommendations.

Please advise the Atlanta Field Office-Audit Division by March 2, 2005, of the action taken. Should you have any questions, please contact David Kimble or me at (770) 220-5242.

Attachments



Foxx & Company
Certified Public Accountants

January 31, 2005

Ms. Helen Greeson
Co-Contracting Officer's Technical Representative
Department of Homeland Security
Office of Inspector General
Atlanta Field Office-Audit Division
3003 Chamblee Tucker Road
Atlanta, Georgia 30341

Dear Ms. Greeson:

Attached is a copy of the final report on the State of Rhode Island Emergency Management Agency's administration and management of disaster assistance programs authorized by the Stafford Act and applicable Federal regulations. .

If you have any questions or would like further assistance in issuing the report, please call me at (513) 639-8843 or Bill Moore at (513) 703-6229.

Sincerely,

FOXX & COMPANY

Martin W. O'Neill
Partner

Attachment (1)

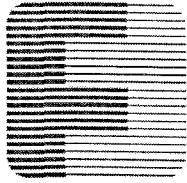
**AUDIT OF DISASTER ASSISTANCE
GRANT PROGRAM MANAGEMENT**

**State of Rhode Island
Emergency Management Agency**

January 31, 2005

Contract No. GS23F9832H

Foxx & Company
Certified Public Accountants



Foxx & Company
Certified Public Accountants

January 31, 2005

Department of Homeland Security
Attn: Office of Inspector General
Anacostia Naval Annex
245 Murray Lane, Bldg 410
Washington, D.C. 20528

Foxx & Company conducted an audit of the State of Rhode Island's Emergency Management Agency's administration and management of disaster assistance programs authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288, as amended) and applicable Federal regulations. The audit was performed in accordance with the May 19, 2003, Task Order from the Department of Homeland Security's Office of Inspector General.

This report presents the results of our audit and includes recommendations to help improve the State of Rhode Island's administration of Federal Emergency Management Agency (FEMA) disaster assistance grant programs.

Our audit was conducted in accordance with applicable *Government Auditing Standards*, 1999 revision. Although the audit report comments on costs claimed by the State, we did not perform a financial audit, the purpose of which would be to render an opinion on the agency's financial statements or the funds claimed in the Financial Status Reports submitted to FEMA. The scope of the audit consisted of program and financial activities for a March 27, 2003 Presidential declared emergency. The scope of the audit included the Public Assistance Grant Program for the declared emergency.

We appreciate the opportunity to have conducted this audit. If you have any questions, or if we can be of any further assistance, please contact me at (513) 639-8843 or Bill Moore at (513) 639-8824.

Sincerely,

Foxx & Company

Martin W. O'Neill
Partner

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I. EXECUTIVE SUMMARY

Foxx & Company has completed an audit of the State of Rhode Island's administration and management of Federal Emergency Management Agency (FEMA) disaster assistance grant programs. The overall objective of this audit was to determine the effectiveness of the Rhode Island Emergency Management Agency's (grantee) administration and management of disaster assistance programs authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288, as amended) and applicable Federal regulations.

This report focuses on the grantee's systems and processes for ensuring that grant funds were managed, controlled, and expended in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) and the requirements set forth in Title 44 of the Code of Federal Regulations (44 CFR). Although the scope of the audit included a review of costs claimed, a financial audit of those costs was not performed. Accordingly, we do not express an opinion on the grantee's financial statements or the funds claimed in the Financial Status Reports (FSRs) submitted to FEMA. The funds awarded and costs claimed for the emergency included in the audit scope are presented in Attachment A of this report.

Our audit included the Public Assistance (PA) grant program under Emergency No. 3182. The President of the United States declared this emergency on March 27, 2003. The Federal share of obligations for the program was over \$2 million, and the Federal funds claimed through June 30, 2003,¹ were over \$1 million. Emergency No. 3182 was the only open declaration for Federal assistance at the time of the audit.

The audit concluded that the State of Rhode Island, for the most part, had effectively managed FEMA's PA grant program in accordance with Federal requirements. However, as indicated by the reported findings, some weaknesses in internal controls and noncompliance situations were identified. Our report includes recommendations that, if implemented properly, would improve the grantee's management, eliminate or reduce weaknesses in internal controls, and help to correct the noncompliance situations for future disaster declarations.

The findings summarized below are discussed in detail in the body of the report.

Financial Management

- **Financial Status Reporting**

Improvement was needed in the grantee's financial reporting system. The grantee did not always submit required quarterly Financial Status Reports (FSRs). In addition, reports that were submitted were not always submitted in a timely manner. As a result, the FEMA regional office did not consistently receive timely financial status information in support of the region's oversight responsibility of the grantee's financial activities.

¹ The grantee did not prepare a Financial Status Report for the quarter ending September 30, 2003.

Program Management

- **Program Closure**

The grantee did not close the PA program under Emergency No. 3182 in a timely manner. The program remained open long after the program should have been closed because the grantee wanted to expend the remaining balance of the FEMA-awarded administrative allowance before initiating program closure. In addition, the grantee spent most of the FEMA-awarded administrative allowance for expenditures that were not allowable extraordinary costs and planned to use the remaining balance for unallowable costs. As a result, the \$30,905 of administrative allowance costs awarded to the grantee is questioned and should be returned to FEMA.

II. Background

Federal assistance supplements a state's response efforts after major disasters and emergencies. When Federal assistance is needed, a Governor can request the President of the United States to declare a major disaster and thereby make relief grants available through the Federal Emergency Management Agency (FEMA).² FEMA, in turn, makes grants to state agencies, local governments, certain other non-profit organizations, private citizens, and other qualifying organizations through a designated agency within the state.

Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended

The Stafford Act governs disasters declared by the President of the United States. Title 44 of the Code of Federal Regulations (CFR) provides further guidance and requirements for administering disaster-relief grants awarded by FEMA.

The three major disaster assistance grant programs included in the Act were:

- Individual and Family Grants
- Public Assistance Grants
- Hazard Mitigation Grants

Individual and Family Grants (IFG) are awarded to individuals and families who, as a result of a disaster, are unable to meet disaster-related expenses and needs. To obtain assistance under this type of grant, the Governor must express an intention to implement the IFG program. The Governor's request must include an estimate of the size and cost of the program. The IFG program is funded by FEMA (75 percent) and the state (25 percent).

Public Assistance (PA) Grants are awarded to state agencies, local governments, private non-profit organizations, Indian tribes or authorized tribal organizations, and Alaskan native village or organizations for the repair/replacement of facilities, removal of debris, and establishment of emergency protective measures necessary as a result of a disaster. At least 75 percent of approved individual project costs are paid by FEMA and the remainder of the cost is paid by non-Federal sources.

Hazard Mitigation Grants (HMG) are awarded to states to help reduce the potential for future disaster damages. The state, as the grantee, is responsible for setting priorities for the selection of specific projects, but each project must be approved by FEMA. HMG grants can be awarded to state agencies, local governments, private non-profit organizations or institutions, Indian tribes or authorized tribal organizations, and Alaskan native villages or organizations. The FEMA share of project cost shall not exceed 75 percent. The amount of Federal assistance under the HMG program is limited pursuant to Section 404 of the Stafford Act to 15 percent of the estimated aggregate amount of grants to be made (less any associated administrative costs) for a declared disaster.

² Effective March 1, 2003, the Federal Emergency Management Agency became part of the Emergency Preparedness and Response Directorate of the Department of Homeland Security.

At the time of our audit, there was one open declaration. The declaration was an emergency declaration for snow removal. It was managed as a PA program. The declaration did not include an IFG or HMG program.

Rhode Island Emergency Management Agency

The Rhode Island Emergency Management Agency (grantee) was the central point of coordination within the state for disaster response and recovery efforts. The Agency's primary mission was to reduce the loss of life and property, and to protect Rhode Island's infrastructure from all types of dangers through a program of mitigation, preparedness, response and recovery.

The Rhode Island Emergency Management Agency was an organizational component of the Rhode Island National Guard. The Agency's staff included 11 full-time staff members at the time of our audit.

Rhode Island Emergency Management Agency personnel managed the PA and HMG programs. A Public Assistance Officer managed the PA program, and a Hazard Mitigation Officer managed the HMG program. Other Agency employees assisted the two program officers. Financial responsibility for the disaster assistance programs resided with the Agency's Chief Financial Officer.

III. Objectives, Scope, and Methodology

The **objectives** of this audit were to determine whether the State of Rhode Island had:

- Administered FEMA disaster assistance programs in accordance with the Stafford Act and applicable Federal regulations,
- Properly accounted for and expended FEMA disaster assistance funds, and
- Operated and functioned appropriately to fulfill its administrative, fiscal, and program responsibilities.

The **scope** of the audit included one emergency (Emergency No. 3182) that was declared by the President of the United States on March 27, 2003. The purpose of the declaration was for snow removal and it only included a PA grant program. As agreed with the Office of Inspector General (OIG), we limited the scope of the audit to this program because it was the only open declaration at the time of the audit. The State of Rhode Island had never had a declared Individual and Family Grant program, and all of the declared Hazard Mitigation Grant programs were closed several years prior to the audit. The Federal share of obligations for the program exceeded \$2 million and the Federal funds claimed through June 30, 2003 exceeded \$1 million.

The cut-off date for the audit was September 30, 2003. However, we reviewed current activities related to conditions found during our audit to determine whether changes in the grantee's policies or procedures had occurred relative to the conditions noted during the audit.

Our audit fieldwork was initiated at FEMA Region I in Boston, Massachusetts. Region I had Federal jurisdiction over FEMA disaster programs in the State of Rhode Island. Our **methodology** included interviews with FEMA headquarters, regional, and state officials to obtain an understanding of internal control systems and to identify current issues or concerns relative to the grantee's management of disaster programs. Our audit considered FEMA and state policies and procedures, as well as the applicable Federal requirements. Documentation received from Rhode Island, FEMA headquarters, the regional office, and the Disaster Finance Center in Berryville, Virginia, was reviewed.

We selected and tested individual recipient files and representative projects to help ensure that the disaster assistance program had been conducted in compliance with applicable regulations. We also reviewed the state's procurement and property management procedures for compliance with Federal regulations. We evaluated current systems and procedures to identify systemic causes of internal control system weaknesses or noncompliance situations. Our review included all aspects of program management including application, approval, monitoring, and reporting.

We reviewed prior audits of the Rhode Island Emergency Management Agency, including Office of Management and Budget (OMB) Circular A-133 audit reports. Our audit scope did not include interviews with subgrantees or visits to their project sites. We also did not evaluate the technical aspects of the disaster related repairs that were beyond the scope of the audit.

The audit was conducted in accordance with *Government Auditing Standards* as prescribed by the Comptroller General of the United States (Yellow Book-1999 Revision). We were not engaged to and did not perform a financial statement audit, the objective of which would be to express an opinion on specified elements, accounts, or items. Accordingly, we do not express an opinion on the costs claimed for the disasters under the scope of the audit. If we had performed additional procedures or conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported. This report relates only to the accounts and items specified. The report does not extend to any financial statements of the grantee or the State of Rhode Island and should not be used for that purpose.

IV. Findings and Recommendations

The findings and recommendations focus on the grantee's systems and procedures for ensuring that grant funds were managed, controlled, and expended in accordance with the Stafford Act and applicable Federal regulations. The **findings** from the audit concerned the grantee's financial and program management activities for the PA grant program under Emergency No. 3182. These findings are summarized below.

The audit concluded that the State of Rhode Island, for the most part, had effectively managed FEMA's disaster assistance PA grant program in accordance with Federal requirements. However, as indicated by the findings from the audit, some weaknesses in internal controls and noncompliance situations were identified. Our report includes recommendations that, if implemented properly, would improve the grantee's management, eliminate or reduce weaknesses in internal controls, and help to correct the noncompliance situations for future disaster declarations.

A. Financial Management

1. Financial Status Reporting

Improvement was needed in the grantee's financial reporting system. The grantee did not always submit required quarterly Financial Status Reports (FSRs). In addition, reports that were submitted were not always submitted in a timely manner. As a result, the FEMA regional office did not consistently receive timely financial status information in support of the region's oversight responsibility of the grantee's financial activities.

According to 44 CFR 13.41, *Financial reporting*, grantees are required to submit FSRs to the regional office within 30 days after the end of each Federal quarter. FEMA's *Guide to Managing Disaster Grants* states that the basic accounting information reported in the FSR is a critical component of disaster grant management because it (1) enables FEMA to carry out its financial stewardship duties, (2) serves as a check to determine if grantees are expending Federal funds on a timely basis, and (3) is the official source for cost-share information.

Following is a summary of quarterly FSR submissions for Emergency No. 3182:

Quarter Ending	Report Due Date	Date Report Submitted
06/30/03	07/30/03	08/26/03
09/30/03	10/30/03	Not Submitted ³
12/31/03	01/30/04	05/13/04

The grantee relied upon one staff member to ensure compliance with the Federal reporting requirements. When this person was not available, the required financial reports were submitted late or were not submitted at all. The grantee's Executive Director acknowledged that the

³ According to the grantee's Accounting Supervisor, staff was not available to prepare and submit the FSR for the quarter ending September 30, 2003.

Agency's reliance upon only one person to prepare and submit the required financial reports was a problem. The Director stated that the grantee was taking action to resolve this issue.

Conclusions and Recommendations

Improvement was needed in the state's process for the preparation and submission of required quarterly financial status reports. Financial reports are critical components of the disaster grant management process. The quarterly reports provide visibility of the state reported financial activities. Without current, accurate, and complete status reports, FEMA's source for information concerning the financial activities of a program is limited.

Accordingly, we recommend that the Regional Director, Region I, ensure that the grantee implements procedures for preparing and submitting quarterly FSRs in accordance with Federal regulations.

Management Response and Auditor's Analysis

The regional office and grantee officials concurred with the condition cited. During the time of the disaster declaration, the grantee only had one person to oversee all financial matters. When she was on medical leave there was insufficient staff to handle the reporting requirements for this grant. Since the disaster declaration in April 2003, the grantee hired a full time Financial Officer to oversee grants and purchasing. A contract employee has also been added to assist the grantee's Senior Financial Officer.

The actions taken by the grantee are adequate to close the finding.

B. Program Management

1. Program Closure

The grantee did not close the PA program under Emergency No. 3182 in a timely manner. The program remained open long after the program activities were completed. This occurred because the grantee wanted to spend the remaining balance of the statutory administrative funds awarded by FEMA. In addition, the grantee spent the funds for expenditures that were not allowable administrative costs and planned to use the remaining balance for unallowable costs. As a result, the \$30,905 of administrative allowance funds awarded to the grantee is questioned and should be returned to FEMA.

According to 44 CFR 13.50, *Closeout*, the grantee must submit all financial, performance, and other reports, required as a condition of the grant, within 90 days after the expiration or termination of the grant. FEMA policy states that the grantee should initiate program closure and submit its final expenditure report to FEMA when all applicants have been closed. For Emergency No. 3182, declared on March 27, 2003, FEMA approved the last PA project on June 26, 2003. As of July 24, 2003 all subgrantees had been closed. In addition, Grantee officials stated that there were no outstanding program activities, such as subgrantee appeals or requests for time extensions, when the subgrantee closures were completed.

However, we noted that the grantee continued to keep the program open after the subgrantee closures were completed. Grantee officials said the program would not be closed until the remaining balance of grantee administrative allowance funds was spent. As of March 2004, \$23,645 of the total \$30,905 awarded by FEMA under the emergency had been spent. A review of the grantee's accounting records disclosed that all of these funds were spent for computer upgrades, staff training, and/or equipment rental fees. These expenditures were unallowable uses of the statutory administrative allowance. Further, according to grantee officials, the remaining \$7,260 will be used to fund improvements to the state's Emergency Operations Center and/or the Center's communications equipment, which are also unallowable uses of the allowance.

According to 44 CFR 206.228(a)(2), *Statutory Administrative Costs*, administrative allowances are provided to state grantees for extraordinary expenses associated with the administration of the PA program. FEMA policy establishes extraordinary expenses as those incurred for overtime pay and travel by state employees for the preparation of applications, quarterly reports, final audits, and related field inspections. Regular salaries for state employees and other expenses associated with the management of the program are not to be paid from the administrative allowance.

Grantee officials believed that it was appropriate to use the remaining balance of the administrative allowance before initiating closure of the program. Grantee officials also said they were not aware of any restrictions on use of the funds.

Conclusions and Recommendations

The PA program under Emergency No. 3182 was not closed in a timely manner after completion of program activities. This was because the grantee wanted to spend the remaining balance of statutory administrative funds awarded under the emergency. The grantee should have initiated closeout of the emergency declaration within 90 days following the last payments to subgrantees, as required by Federal regulations.

In addition, \$23,745 of administrative funds were spent for unallowable costs and the grantee planned to spend the remaining balance of \$7,260 for unallowable costs. As a result, the \$30,905 of funds awarded to the grantee is questioned and should be returned to FEMA.

Accordingly, we recommend that the Regional Director, Region I, disallow the \$30,905 awarded for administrative costs. The Director should also require the grantee to implement effective internal control procedures to ensure that, in the future:

1. Public assistance grant programs are closed in a timely manner, and
2. Statutory administrative funds are spent only for extraordinary purposes as defined by Federal regulations.

Management Response and Auditor's Analysis

The regional office and grantee officials agreed that the program was not closed in a timely manner. The grantee said this will not happen in the future with the increase in staffing of the financial management office. The grantee also acknowledged that the expenditure of administrative allowance funds did not follow the guidelines in 44 CFR. The officials agreed to follow the CFR guidelines in future disasters and to return any funding not utilized.

For the Emergency No.1382, the officials agreed to reimburse FEMA the \$2,876.09 drawn down but not expended from the program's administrative allowance account. The officials also agreed to not draw down the remaining balance of \$6,259.90. In addition, a request for a \$21,769.01 State Management Grant costs was submitted to the FEMA Disaster Finance Center for review and recommendation. The expenditures of \$21,769.01 had previously been charged against Emergency No. 1382's administrative allowance account.

The actions taken by the grantee are adequate to resolve the condition cited. However, the finding can not be closed until the \$21,769.01 is returned to the administrative allowance account for Emergency No. 1382. We recognize that, pending approval by the Disaster Finance Center, the grantee could get reimbursed for some of these expenses through a State Management grant.

ATTACHMENTS

State of Rhode Island
Sources and Applications of Funds
As of June 30, 2003
Emergency No. 3182
Declared March 27, 2003

	Public Assistance
Award Amounts (FEMA approved)	
Federal Share	\$2,021,398
Local Match/State Share	\$640,948
Total Award Amounts	\$2,662,346
Sources of Funds	
Federal Share (SMARTLINK)	\$1,127,796
Local Match/State Share	\$367,106
Total Sources of Funds	\$1,494,902
Total Undrawn Authorizations	\$893,602
Application of Funds (Expenditures)	
Federal Share	\$1,101,318
Local Match/State Share	\$367,106
Total Application of Funds	\$1,468,424
Balance of Federal Funds On Hand	\$26,478

Note: Rhode Island did not prepare a September 30, 2003 Financial Status Report. (See Finding A.1.)

Attachment B**List of Acronyms**

CFR	Code of Federal Regulations
FEMA	Federal Emergency Management Agency
FSR	Financial Status Report
HMG	Hazard Mitigation Grant
IFG	Individual and Family Grant
OIG	Office of Inspector General
OMB	Office of Management and Budget
PA	Public Assistance
Stafford Act	Robert T. Stafford Disaster Relief and Emergency Assistance Act

MANAGEMENT COMMENTS

U.S. Department of Homeland Security
Region I
99 High St, 6th Floor
Boston, MA 02110-2320



FEMA

December 20, 2004

Mr. Gary Barard,
Department of Homeland Security
Office of Inspector General
Atlanta Field Office- Audit Division
3003 Chamblee Tucker Rd
Atlanta, GA 30341

Dear Mr. Barard:

This letter details this Region's response to the draft audit findings of the OIG audit of the state of Rhode Island Disaster Grant program. Enclosed is the state of Rhode Island's response of 6 December 2004 and an addendum response of 7 December 2004. Region One has reviewed the state of Rhode Island's response to the three proposed findings (1. Financial Management-Financial Status Reporting; 2. Program Management-Administrative Plans; 3. Program Management- Program Closure). Regional staff met with the OIG and Foxx and Co CPA on 9 November 2004. In addition Regional staff met with the State of Rhode Island's staff and Foxx and Co on 10 November 2004. Regional staff has kept in contact with Rhode Island staff regarding these findings.

This Region has reviewed the enclosed 6 Dec 04 response from Rhode Island which details response to the first two findings. This Region has also reviewed the enclosed 7 Dec 04 addendum response from Rhode Island which details challenging documentation to finding three. The state of Rhode Island has agreed to take corrective steps in findings 1&2. They have submitted challenging documentation to finding 3. Questioned costs of \$30,905 have been identified. \$9,135.99 of that cost will be returned or closed out. The remaining \$21,769.01 is being challenged. This money was used for office automation equipment and a memo was sent on 8 December 2004 to the Disaster Finance Center for determination (see enclosed memo from regional Public Assistance staff). We will notify you of their determination as soon as we hear.

Region one concurs with the State of Rhode Island's response to findings one and two. We await the response from the Disaster Finance Center to make final determination on finding three. If you have any questions or need assistance please feel free to contact Chris Lynch or me at 617-832-4795.

Sincerely,

Kenneth L. Horak
Acting Regional Director

Cc: Acting Deputy RD
Division Directors

www.fema.gov



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

MILITARY STAFF
EMERGENCY MANAGEMENT AGENCY
645 New London Avenue
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(401) 946-9996



DONALD L. CARCIERI
Governor
MG REGINALD A. CENTRACCHIO
Director
ALBERT A. SCAPPATICCI
Executive Director

December 6, 2004

Ken Horak
Acting Regional Director
DHS
FEMA-Region I
99 High Street
Boston, MA 02110

Attention: Chris Lynch

Dear Mr. Horak:

The Rhode Island Emergency Management Agency (RIEMA) met with Foxx and Company on November 10, 2004. The meeting was to review their audit findings on the State's administration and management of disaster assistance programs. The report focused on the Public Assistance grant program under Emergency No. 1382. The report's findings recommend three areas of improvement. It includes one in Financial Management concerning financial status reporting, and two in Program Management concerning administrative plans and program closure. RIEMA is taking this opportunity to respond to the audit's findings.

1. Financial Management – Financial Status Reporting

RIEMA has taken steps to improve their financial reporting. Since the disaster declaration in April 2003, RIEMA has hired a full time Financial Officer to oversee grants and purchasing. It has also added a contract employee to assist the RIEMA Senior Financial Officer. During the time of the disaster declaration, RIEMA only had one person to oversee all financial matters. When she was on medical leave there was insufficient staff to handle the reporting requirements for this grant.

TDD: (401) 462-7105

FAX: (401) 944-1891

www.state-ri.us/riema

2. Program Management – Administrative Plans

RIEMA disagrees with the audit's findings. At the time of the disaster declaration the State did have an approved Administrative Plan. RIEMA received a letter approving the plan from FEMA Region I on August 12, 2002. That plan was submitted to Region I personnel at the DFO in Springfield, Massachusetts on April 1, 2003. An amended plan was not requested for this declaration. Though RIEMA does not have a full time Disaster Recovery or Public Assistance Officer, it will continue to submit a plan on an annual basis.

3. Program Management – Program Closure

RIEMA does concede that the program was not closed in a timely manner. This will not happen in the future with the increase in staffing of the RIEMA Financial Management Office. The grant will be closed out following the dispensation of this report.

The expenditure of the administrative allowance money was done in concurrence with past experiences with FEMA disaster declarations, not following the guidelines in 44CFR. RIEMA incurred only minimal expenses which follow the guidelines and received the \$30,905 as part of the administrative allowance based on the sliding scale method. RIEMA has drawn down a total of \$2,015,138.52 for this declaration. As a result of the unallowable expenditures noted, RIEMA has revised its cumulative disbursements to \$2,013,583.39. RIEMA will reimburse the smartlink account \$1,553.13, the difference between the amount of revised cumulative disbursements and the funds drawn down. RIEMA will not draw down the remaining balance, \$6,259.90, in the account and will initiate procedures on closing the grant with FEMA.

RIEMA expended \$21,055.55 of their administrative allowance on the purchase of ten desktop and one laptop computers for employees. Those computers were purchased to upgrade the staff's computers in order to deal with future disasters that may affect the State. The staff members who worked on this declaration were in need of computer upgrades due to the reliance on all States to utilize the NEMIS system to manage disasters. RIEMA will be submitting a request for a Management Project Worksheet to cover the costs of these computers. Other expenditures from this account were to support the Disaster Assistance Program in this State including training to better prepare and manage future disasters. RIEMA pledges that it will follow the guidelines in future disasters and will return any funding not utilized.

Sincerely,



Albert A. Scappaticci
Executive Director

Note: Documentation, not previously provided during the audit, was provided in conjunction with the grantee's comments. The documentation supported that annual plans had been submitted as required and that the Regional Director did not request an updated plan for Emergency No. 3182. Accordingly, the compliance with the administrative planning requirements finding was dropped from the report.



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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DONALD L. CARCIERI
Governor

MG REGINALD A. CENTRACCHIO
Director

ALBERT A. SCAPPATICCI
Executive Director

December 7, 2004

Ken Horak
Acting Regional Director
DHS
FEMA-Region I
99 High Street
Boston, MA 02110

Attention: Chris Lynch

Dear Mr. Horak:

The Rhode Island Emergency Management Agency (RIEMA) met with Foxx and Company on November 10, 2004. The meeting was to review their audit findings on the State's administration and management of disaster assistance programs. The report focused on the Public Assistance grant program under Emergency No. 1382. This is an addendum to the original letter sent on December 6.

3. Program Management – Program Closure

RIEMA does concede that the program was not closed in a timely manner. This will not happen in the future with the increase in staffing of the RIEMA Financial Management Office. The grant will be closed out following the disposition of this report.

The expenditure of the administrative allowance money was done in concurrence with past experiences with FEMA disaster declarations, not following the guidelines in 44CFR. RIEMA incurred only minimal expenses which follow the guidelines and received the \$30,905 as part of the administrative allowance based on the sliding scale method. RIEMA will reimburse the smartlink account \$2,876.09, the difference between the expended amount and the funds not drawn down. RIEMA will not draw down the remaining balance, \$6,259.90, in the account and will initiate procedures on closing the grant with FEMA. This total is \$9,135.99

0000 35/01W 70.7.10.00

TDD: (401) 462-7105

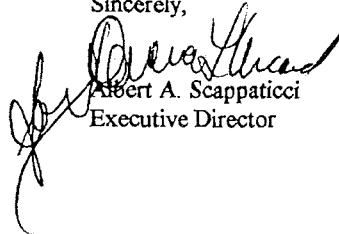
FAX: (401) 944-1891

www.state.ri.us/riema

The remaining amount, \$21,769.01, was expended by RIEMA using their administrative allowance for the purchase of ten desktop, one laptop and one printer for employees. The State actually purchased fifteen computers at that time, five were charged to another account. Those computers were purchased to upgrade the staff's computers in order to deal with future disasters that may affect the State. The two staff members who worked on this declaration were in need of computer upgrades due to the reliance on all States to utilize the NEMIS system to manage disasters. Attached are the invoices for the Dell desktop computer purchases (\$19,346.25), Dell Laptop purchase (\$2,051.00), and a DISYS Hewlett Packard printer purchase (\$371.76). Also attached is RIEMA's internal computer purchase justification memo. RIEMA will be submitting a request for a Management Project Worksheet to cover the costs of this equipment.

Other expenditures from this account were to support the Disaster Assistance Program in this State including training to better prepare and manage future disasters. Attached is the breakdown on how the money was spent. RIEMA pledges that it will follow the guidelines in future disasters and will return any funding not utilized.

Sincerely,



Albert A. Scappaticci
Executive Director

U.S. Department of Homeland Security
Region I
99 High St, 6th Floor
Boston, MA 02110-2320



FEMA

December 8, 2004

Mr. Robert McDonald, Lead Systems Accountant
Disaster Finance Center
Building 205
P.O. Box 800
Berryville, VA 22611

Subject: FEMA-3182-EM-RI
Rhode Island Emergency Management Agency
State Management Costs

Dear Mr. McDonald:

Enclosed please find the Rhode Island Emergency Management Agency (RIEMA) Request for State Management Costs (\$21,769.01) for the above emergency dated December 7, 2004, for your review and recommendation.

I have also enclosed a draft Audit of Disaster Assistance Grant Program Management, Contract No. GS23F9832H, that was submitted to RIEMA by Gary J. Barad, FEMA Field Office Director, dated October 19, 2004 and RIEMA's initial response to the Region dated December 6, 2004.

If you or your staff have any questions, please feel free to contact me at (617) 832-4765.

Sincerely,

James T. Donovan
Public Assistance Officer

www.fema.gov